

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 INRE-00

SSO-00 EURE-00 /073 W

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O R 181929Z APR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6639

INFO AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

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E.O.11652: N/A

TAGS: ECON, OECD

SUBJECT: U.S. PROPOSAL FOR GROWTH STUDY IN EPC'S WORKING
PARTY 2

REFS: (A) STATE 75396

(B) USOECD 8953

(C) STATE 86468

(D) GERVERS/CLARK TELCON APRIL 17

(E) OECD DOCUMENT CPE/WP2(75)3

1. SUMMARY: MISSION HAS DISCUSSED U.S. PROPOSAL FOR
LONG-TERM GROWTH STUDY WITH BOLTHO AND MARRIS OF
SECRETARIAT, AS REQUESTED REFTEL. THEY CONTINUE TO
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PREFER STUDY TO 1985, BUT WILL BE GUIDED BY PREFERENCES

OF WORKING PARTY 2. SECRETARIAT DOCUMENT ENTITLED, "A NEW LOOK AT GROWTH PROSPECTS," HAND-CARRIED TO WASHINGTON (EUR/RPE FOR CLARK) APRIL 18. SECRETARIAT HAS AGREED TO MAKE GROWTH ITEM FIRST ORDER OF DISCUSSION ON TUESDAY, APRIL 22. END SUMMARY.

2. IN FURTHER CONVERSATION WITH BOLTHO AND MARRIS ON U.S. PROPOSALS FOR GROWTH STUDY (REF C), MISSION OFFICER FOUND THAT SECRETARIAT POSITION IS MORE FLEXIBLE THAN HAD PREVIOUSLY BEEN ASSUMED REGARDING PERIOD TO BE COVERED IN STUDY. SECRETARIAT AGREED THAT LONG-TERM GROWTH STUDY COULD CONCENTRATE ON PERIOD UP TO 1980 IF WP-2 PREFERS, ALTHOUGH THEY CONTINUE TO SEE ADVANTAGE IN ESTIMATING POTENTIAL RATES OF GROWTH TILL 1985. SECRETARIAT REMAINS CONVINCED, HOWEVER, THAT PUBLIC EXPENDITURE STUDY, WHICH IS NOW AT HALF-WAY MARK, SHOULD NOT BE ABANDONED TO MAKE WAY FOR LONG-TERM GROWTH STUDY, SINCE IT WILL BE INTEGRAL PART OF DEMAND SIDE OF GROWTH STUDY ITSELF. MARRIS POINTED OUT THAT SECRETARIAT WOULD INEVITABLY MAKE SLOWER PROGRESS ON GROWTH STUDY THAN U.S. WOULD LIKE TO SEE, GIVEN PRESENT AVAILABILITY OF RESOURCES. EITHER SECRETARIAT WOULD HAVE TO TRANSFER RESOURCES FROM ON-GOING WORK OR ADDITIONAL RESOURCES WOULD BE NEEDED. MARRIS STRONGLY RESISTED IDEA OF BRINGING PUBLIC EXPENDITURE STUDY TO PREMATURE CONCLUSION AND SAID THAT THIS WORK WOULD PROBABLY REQUIRE ANOTHER 18 MONTHS TO COMPLETE-EVEN ON LESS AMBITIOUS SCALE NOW INTENDED.

3. SECRETARIAT COMPLETED ITS PAPER ON PROPOSALS FOR LONG-TERM GROWTH STUDY MORNING OF APRIL 18, AND APPEARS TO HAVE REFLECTED U.S. CONCERNS IN FINAL PARAGRAPH ENTITLED, "QUESTIONS FOR DISCUSSION." THIS PARAGRAPH FOLLOWS IN ENTIRETY:

BEGIN TEXT

THE FOLLOWING QUESTIONS ARE PRESENTED TO THE WORKING PARTY FOR CONSIDERATION AND DISCUSSION:

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(A) DOES THE WORKING PARTY AGREE WITH THE COMPLEMENTARY APPROACH SUGGESTED BY THE SECRETARIAT, NAMELY:

(I) THE COLLECTION AND EXAMINATION OF NATIONAL MEDIUM-RUN FORECASTS;

(II) THE PREPARATION OF PROJECTIONS BY THE SECRETARIAT WITH A COMMON, BUT SIMPLIFIED, METHODO-

LOGY.

- ON (I), DOES THE WORKING PARTY FEEL THAT CIRCULATION OF A SIMPLE QUESTIONNAIRE WOULD BE ADVISABLE AND DOES IT WANT TO BRIEFLY DISCUSS ITS CONTENT AT THE MEETING?

- ON (II), THE WORKING PARTY MAY WISH TO RAISE A NUMBER OF QUESTIONS, E.G.:

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(A) THE TIME PERIOD TO BE COVERED

(B) THE EXTENT OF SECTORAL BREAKDOWN DESIRABLE

(C) THE SPECIAL FACTORS TO BE SINGLED OUT ON THE
SUPPLY SIDE (ENERGY, OTHER RAW MATERIALS,
IMMIGRANT LABOUR ETC.).

(B) DOES THE WORKING PARTY THINK THAT SPECIAL EMPHASIS
SHOULD BE PUT ON THE DETERMINANTS AND ON THE FINANC-
ING OF INVESTMENT AND PUBLIC EXPENDITURE?
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(C) WHAT IS THE TIME HORIZON WHICH SHOULD BE ENVISAGED
FOR THIS WORK?

- IN THIS CONTEXT, IT SHOULD BE REMEMBERED THAT THE
WORKING PARTY HAD EARLIER AGREED TO COMPLETE ITS
PRESENT WORK ON PUBLIC EXPENDITURE BY THE END OF
1976. FOR ITS 1975 WORK PROGRAMME IT HAD ONLY
PLANNED TO EXPLORE THE POSSIBILITIES OF NEW WORK
ON GROWTH. THOUGH A START ON SUCH AN EXERCISE
COULD BE MADE WITHIN THE PRESENT YEAR, IT IS
UNLIKELY THAT RAPID PROGRESS COULD BE ACHIEVED
BEFORE 1977 SINCE A CONCERTED EFFORT WOULD
INEVITABLY REQUIRE CONSIDERABLE RESOURCES NOT
AVAILABLE AT PRESENT.

END TEXT

4. MISSION SUGGESTED THAT AGENDA ITEM ON LONG-TERM
GROWTH BE BROUGHT FORWARD TO BEGINNING OF SECOND DAY TO
ASSURE THAT DELEGATES WOULD ALL BE PRESENT FOR DISCUSSION
OF THIS ITEM. SECRETARIAT READILY AGREED THAT THIS
WOULD BE DESIRABLE.

5. MISSION HAS ARRANGED APPOINTMENTS FOR HELEN JUNZ ON
MONDAY, APRIL 21, WITH NICOLAS PLESSZ AT 3 PM, STEPHEN
POTTER AT 4 PM, AND WITH STEPHEN MARRIS AFTER CONCLUSION
OF WP-2 MEETING IN LATE AFTERNOON.
TURNER

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